Oil prices decline

REUTERS, *Houston*

Oil prices dipped on Friday, a day after topping $85 a barrel for the first time since November, but prices were expected to finish more than 3 percent higher for the week on rising demand from US refiners completing planned overhauls.

Brent crude oil futures slid 9 cents or 0.11 percent to $85.33 a barrel at 12:16 p.m. CDT (1716 GMT). US West Texas Intermediate (WTI) crude was down 17 cents or 0.21 percent to $81.09.

"Supplies are tightening" for motor fuels, said Phil Flynn, analyst at Price Futures Group. "Prices are at risk to go higher."

But "there are worries the US Federal Reserve won't be able to cut interest rates" because inflation remains above the central bank's target of 2 percent, Flynn added.

Cuts in interest rates are seen as opportunity for demand growth in the United States.

Prices had been range-bound for much of the last month roughly between $80 to $84 a barrel. Then the International Energy

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Agency on Thursday raised its view on 2024 oil demand for a fourth time since November as Houthi attacks have disrupted Red Sea shipping.

World oil demand will rise by 1.3 million bpd in 2024, the IEA said in its latest report, up 110,000 bpd from last month. It forecast a slight supply deficit this year should Opec+ members sustain their output cuts having previously forecast a surplus.

US energy firms this week added the biggest number of oil and natural gas rigs in a week since September, with the oil rig count also rising to its highest in six months, energy services firm Baker Hughes said in its closely followed report on Friday.

The oil and gas rig count, an early indicator of future output, rose by seven to 629 in the week to March 15. Baker Hughes said oil rigs rose six to 510 this week, their highest since September, while gas rigs rose one to 116.

The gains this week have come despite the US dollar strengthening at its fastest pace in eight weeks. A stronger dollar makes crude more expensive for users of other currencies.

A worker inspects cookware at a production unit inside the BSCIC industrial park in Rangpur city. A number of new businesses are struggling to find space in the region as the existing BSCIC estate is packed to the rafters while construction of a second one is being delayed by red tape. The picture was taken recently.

PHOTO: KONGKON KARMAKER

Red tape delays Rangpur's second economic zone

Existing BSCIC estate also lacks facilities

KONGKON KARMAKER

Planned industrial development remains elusive in Rangpur as construction of a second economic zone in the northern district of Bangladesh has been barred by red tape for 16 years now.

Besides, the existing industrial enclave of the Bangladesh Small and Cottage Industries Corporation (BSCIC) in the region has fallen into disrepair, forcing entrepreneurs to search elsewhere to set up shops.

As a result, unplanned establishment of factories and workshops is rampant, cluttering Rangpur city and increasing pressure on agricultural land in Rangpur sadar upazila, according to local entrepreneurs.

The construction of a second BSCIC estate in Rangpur has been held up mainly due to delays in land acquisition although relevant authorities have made several attempts to settle the issue.

However, local entrepreneurs believe it will be possible to expedite the project if officials of the BSCIC and district administration become more sincere in fulfilling their duties.

Meanwhile, the existing BSCIC industrial park in Rangpur has become marred by various problems, including poor upkeep and a lack of development, they said.

Situated on 20 acres of land, the Rangpur BSCIC estate has not seen significant change since its establishment in 1967 as the authorities could not materialise their numerous development plans.

Now, poor roads, inadequate drainage systems, lack of security and dilapidated infrastructure are among a few of the challenges hindering the growth of local businesses.

The Rangpur BSCIC estate boasts 82 plots ranging from 3,150 square feet to 15,000 square feet that are occupied by 25 industrial units, of which 20 are operational at present.

Additionally, the absence of proper industrial waste management measures means production units at the industrial park face increased operational costs as they have to dispose of waste on their own.

Local businesspeople said roads within the BSCIC estate often become flooded even after minor rainfall and the situation worsens during monsoon, causing difficulties in moving around the area.

The existing BSCIC industrial park in Rangpur has become marred by various problems. Poor roads, inadequate drainage systems, lack of security and dilapidated infrastructure are among the challenges hindering the growth of local businesses.

"The BSCIC has long been unable to provide fresh plots despite the continuous influx of new industrialists," said Samasi Ara Jaman Koli, a nationally recognised entrepreneur in the jute sector.

Koli, who won an award of the Ministry of Jute and Textiles in 2009, said she has been unable to establish a leather and jute production unit due to a lack of required space.

Against this backdrop, she urged relevant authorities to facilitate land allocations for female entrepreneurs once construction of the second BSCIC industrial park is complete.

Similarly, Abdul Motin, a national award-winning industrialist, said he too is being forced to wait to set up his textile factory in the absence of available plots inside the BSCIC area.

And considering the growing demand for plots, the Rangpur Chamber of Commerce and Industry is urging authorities to expedite the development of a second BSCIC estate.

Leaders of the chamber said there is a growing demand for workspace due to the increased population in the area.

Echoing the same, Rezaul Islam Milon, president of the Rangpur Metropolitan Chamber of Commerce and Industry, said a second BSCIC industrial park should be set up as soon as possible.

He also underlined the necessity of this project for creating job opportunities and thereby boosting economic growth in the region.

Likewise, Akbar Ali, president of the Rangpur Chamber of Commerce and Industry, stressed on developing a second industrial park as factories are now being set up in an unplanned manner.

Ehshanul Haque, deputy manager (administration) at the Rangpur BSCIC, said they have written to the district administration seeking guidance on securing land for the project.

He believes expanding the Rangpur BSCIC and including agro-processing industries could increase its revenue and create job opportunities, thereby boosting the economy.

The Rangpur district administration has proposed acquiring 100 acres of land for the second BSCIC industrial park in the Paglapir-Panbazar area of Rangpur sadar upazila.

Haque also informed that the district administrator is considering the matter seriously.

Can Bangladesh boost agriculture production to reduce import?

SUBRATA RANJAN DAS

Bangladesh's economy heavily depends on garment exports and remittances for its foreign exchange reserves, with limited diversification in agricultural products. Despite being an agrarian society, it imports key agriculture-related products, straining reserves.

In 2022-2023, over $15 billion was spent on importing cereal grains, oilseeds, dairy products, fruits, vegetables, flour, and fertilizers. This figure is set to double in the next decade considering food requirements and global inflation.

Will the country be able to curb imports and save foreign exchanges? It is possible. At least, a big portion can be saved by giving serious attention and through coordinated planning.

Bangladesh's Agriculture Census 2019 showed a reduction of net arable land from 19.09 million acres in 2008 to 18.68 million acres in 2019. So, we need to raise productivity, use smart technologies, and expand cultivation areas in the fallow land.

Rice is a fundamental part of our daily food staples. The country produces approximately 38 million tonnes of rice annually, according to the Bangladesh Bureau of Statistics. It imports around 1.1 million tonnes of rice each year.

An increase in yield by 3 percent can save $500 million in expenses for rice imports. Despite a rise in crop intensification, rice productivity growth stands at 1 percent, trailing regional peers like India (2.4 percent), Vietnam (1.9 percent), and China (3.7 percent). By using rice transplanters and combined harvesters combined with improved high-yielding varieties, it can achieve this yield.

Bangladesh produces 57 percent of its total demand of 7.5 million tonnes of corn while the rest is imported. If its yield is raised by 20 percent, Bangladesh could meet its requirement and save more than $700 million.

There are approximately 0.45 million hectares of fallow land available, along with around 2 million hectares of single-cropped areas, yet to be utilised.

At present, local ginger only meets 18 percent of the annual demand of 0.45 million tonnes amid the absence of improved ginger varieties. If Bangladesh adopts high-yielding ginger varieties, it can meet its entire demand by cultivating it on 0.02 million hectares instead of the existing 0.01 million hectares. High-yielding variety of potatoes can give us more tubers and save time.

For garlic and onion, Bangladesh is close to fulfilling national requirements. By enhancing yields by a modest 14 percent, it could readily meet the local demand while maintaining the same acreage for garlic cultivation.

The production of onion is higher than the demand. But the problem is 30 percent of the produce gets rotten. With proper planning considering cold storage and summer onion varieties, it can mitigate the expenses of $310 million that was spent to import garlic and onion in 2021-22.

During the peak season, around 30 percent of tomatoes are lost due to the lack of proper post-harvest management. By upgrading underutilised potato cold-storage units for multipurpose use, and using varieties of longer shelf-life, we can curtail tomato wastage.

By investing Tk 300 crore to Tk 400 crore in greenhouses, we can supply tomatoes to people. In FY2021-22, Bangladesh imported fresh or chilled tomatoes and processed tomatoes worth $24.76 million.

In FY21-22, Bangladesh imported 0.04 million tonnes of copra (dried kernel of coconut), worth $49.24 million, highlighting a substantial reliance on the import for coconut oil production. The country needs to focus on using high-yielding varieties of coconut. If we can increase the yield by 20 percent, and utilise 0.04 million hectares of barren land mostly in coastal and char areas, we can cut imports.

We spent more than $5.1 billion to import fertilisers in FY2022-23. Urban areas currently generate an average of 25,000 tonnes of solid waste daily. It is estimated that about three tonnes of bio-fertilizer can be produced from every 10 tonnes of waste. For proper planning on the agricultural development and replacement of the imports, the government can form an authority under the Prime Minister's Office. The authority will coordinate between ministries to execute large-scale agro-production initiatives.

The author is executive director of ACI Motors Ltd

India's exports in February highest in 11 months

ANN/THE STATESMAN

India's merchandise trade deficit widened to $18.71 billion in February from $17.49 billion in January, the Ministry of Commerce said on Friday.

Notably, at $41.40 billion, India's merchandise exports in February were the highest in 11 months.

The import growth of 12.2 percent in February is the highest since September 2022's 12.6 per cent.

For the February last year, the trade deficit stood at $16.57 billion.

The exports rose by 11.9 from the year-ago period to $41.40 billion and imports were up 12.2 percent at $60.11 billion.

Main drivers of merchandise export growth in February 2024 include Engineering Goods, Electronic Goods, Organic and Inorganic Chemicals, Drugs and Pharmaceuticals and Petroleum Products, the commerce ministry said.

Overall trade deficit improves by 37.8 percent from USD 116.13 Billion in April-February 2022-23 to USD 72.24 Billion in April-February 2023-24. the merchandise trade deficit improves by 8.43 percent from USD 245.94 Billion in April-February 2022-23 to USD 225.20 Billion in April-February 2023-24.

In April-February 2023-24, India's overall exports are estimated to be USD 709.81 Billion, exhibiting a positive growth of 0.83 percent over April-February 2022-23.

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China economy set to improve in 2024: experts

ANN/CHINA DAILY

China is expected to register better economic performance this year, thanks to its strong economic resilience and intensifying macroeconomic policy support, experts said.

Liu Shangxi, president of the Chinese Academy of Fiscal Sciences, said the country's ongoing urbanization, pursuit of low-carbon and green development, and digitalization have been generating powerful indigenous growth momentum.

In addition, with institutional advantages, China has strong capabilities to correct errors, and its unwavering efforts on reform and innovation will also continue to inject certainty into its economic development prospects, Liu said.

Huang Yiping, dean at the National School of Development, Peking University, said that China can adopt stronger macroeconomic stimulus measures this year to boost demand and create more orders for enterprises, thereby offsetting cyclical pressures of insufficient investment and consumption demand to boost economic growth.

At the same time, the country needs to adopt more measures to boost confidence and stabilize expectations, the economist said at a news conference to announce events to mark the 30th anniversary of the school this year.

"China's economic performance will become better this year" on the back of a stronger proactive fiscal policy and given the room for more monetary policy adjustments. Talk about the United States halting interest rate hikes or even cutting the rates is also a factor, he said.

"The Chinese economy indeed is facing problems that can undermine the realization of its growth potential. Among the problems are insufficient effective demand, weak social expectations and many hidden risks, Liu said.

Employees work on an assembly line producing strollers at a factory in Handan, in northern China's Hebei province, on February 29.

PHOTO: AFP

"However, these problems can be solved. They are inevitable in the country's transition toward high-quality development, and will not change the long-term prospects of the stable and positive development trend of China's economy."

According to Huang, China still has room to further cut the reserve requirement ratio — the proportion of money that lenders must hold as reserves — and lower interest rates.

"It is advisable to lean on tools like interest rate cuts, as that will help alleviate financial burdens on businesses and households, and potentially stimulate demand," he said.

Huang also called for more measures to boost enterprises' confidence that has been dampened by geopolitical issues and the interplay between the government's optimization of regulations (in some troubled industries like real estate where build-up of price bubbles was prevented) and the impact of the COVID-19 pandemic in the past few years.

Liu said that China has a great demand advantage from its vast domestic market, and with consumption upgrade, the Chinese economy will have huge growth potential.

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